

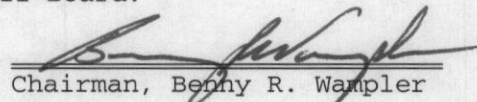


not heretofore leased, sold or voluntarily agreed with the Applicant to pool their Gas interests in Subject Drilling Unit. Further, the Board has caused notice of this hearing to be published as required by Va. Code § 45.1-361.19.B. Whereupon, the Board hereby finds that the notices given herein satisfy all statutory requirements, Board rule requirements and the minimum standards of state due process.


4. Amendments: None.
5. Dismissals: None.
6. Relief Requested: Applicant requests (1) an exception to the statewide spacing limitations set forth in Va. Code § 45.1-361.17 for Well No. 826111.
7. Relief Granted: The requested relief in this cause be and hereby is granted. The Board hereby grants Applicant consent to permit and drill proposed Well No. 826111, 2274.04 feet from Well No. 25615, at the locations depicted on the Plat attached hereto;
8. Special Findings: The Board specifically and specially finds:
  - 8.1. Applicant is Chesapeake Appalachia LLC Applicant is duly authorized and qualified to transact business in the Commonwealth of Virginia;
  - 8.2. Applicant Chesapeake Appalachia LLC is an operator in the Commonwealth of Virginia and has satisfied the Board's requirements for operations in Virginia;
  - 8.3. Applicant claims ownership of Conventional Gas leases on 100% percent of Subject Drilling Unit and the right to explore for, develop and produce Gas from same, i.e., Well No. 826111, as well as from reciprocal well, i.e., Well No. 25615.
  - 8.4. The proposed Well 826111 is located on a surface, coal, oil and gas tract known as Pine Mountain Oil & Gas Inc., Tract 1, and the surface, coal, gas and oil owner has consented to the proposed location for Well 826111 that is depicted on the Plat attached hereto as Exhibit A;
  - 8.5. The Applicant testified it has the right to operate and develop the reciprocal Well No. 25615, and that the granting of the application filed herein will not impact the correlative rights of any person;
  - 8.6. An exception to the well spacing requirements of Va. Code § 45.1-361.17 for Well 826111 is necessary to efficiently drain a portion of the common sources of supply (reservoir) underlying Subject Drilling Unit, and the Board's granting of the requested location exception is in the best interest of preventing the waste of 300 million cubic feet of Conventional Gas underlying Subject Drilling Unit, and to generally effect the purposes of the Virginia Gas and Oil Act;

- 8.7. Applicant proposes the drilling of Well No. 826111 to a depth of 6195 feet on the Subject Drilling Unit at the location depicted in Exhibit A to produce all the Mississippian and Devonian age formations including, but not limited to **Big Lime, Weir, Gordon and Devonian Shale** from surface to a total depth of 6195 feet (Subject Formations");
- 8.8. Applicant proposes to drill Well No. 826111 a distance of 225.96 feet closer to Gas Well 25615, than the 2500 feet mandated by statewide spacing;
- 8.9 Applicant proposes to complete and operate Well 826111 for the purpose of producing Conventional Gas;
9. Mailing Of Order And Filing Of Affidavit: Applicant or its Attorney shall file an affidavit with the Secretary of the Board within sixty (60) days after the date of receipt of this Order stating that a true and correct copy of said Order was mailed within seven (7) days from the date of receipt of this Order to each person pooled by this Order whose address is known.
10. Availability of Unit Records: The Director shall provide all persons not subject to a lease with reasonable access to all records for Subject Drilling Unit which are submitted by the Unit Operator to said Director and/or his Inspector(s).
11. Conclusion: Therefore, the requested relief and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.
12. Appeals: Appeals of this Order are governed by the provisions of Va. Code Ann. § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court. Such appeals must be taken in the manner prescribed in the Administrative Process Act, Va. Code Ann. § 9-6.14:1 et seq. and Rule 2A of the Rules of the Virginia Supreme Court.
13. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 18<sup>th</sup> day of October, 2007 by a majority of the Virginia Gas and Oil Board.

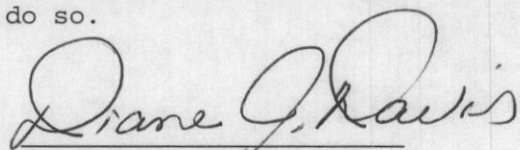
  
Chairman, Benny R. Wampler

DONE AND PERFORMED this 18<sup>th</sup> day of October, 2007 by Order of this Board.

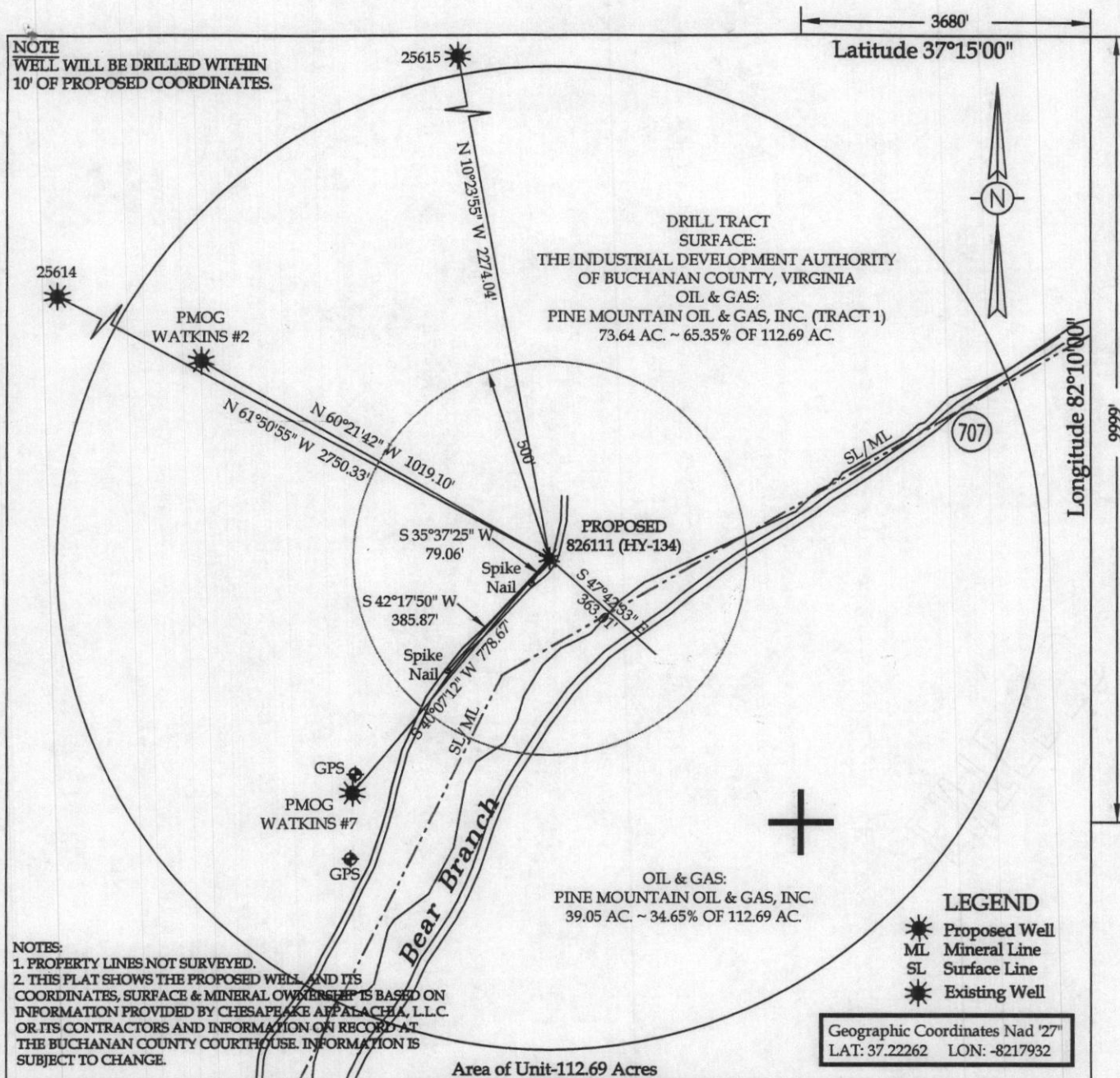
  
B. R. Wilson  
Principal Executive to the Staff  
Virginia Gas and Oil Board

STATE OF VIRGINIA  
COUNTY OF WASHINGTON

Acknowledged on this 18<sup>th</sup> day of October 2007, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, and appeared B. R. Wilson, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board that they executed the same and were authorized to do so.

  
Diane J. Davis, Notary  
174394

My commission expires: September 30, 2009



Company CHESAPEAKE APPALACHIA, L.L.C. Well Name or Number 826111 (HY-134)

Tract No. PINE MOUNTAIN OIL & GAS INC. Quadrangle PRATER

District PRATER

Well Coordinates (Virginia State Plane) N: 344,646.36 E: 928,959.98

Elevation: 1736.86 Method Used to Determine Elevation: Trig. Levels from GPS derived elevation.

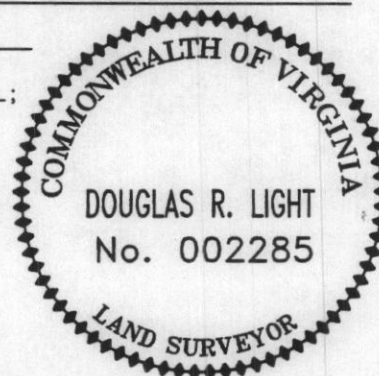
County BUCHANAN Scale: 1" = 400' Date 7-09-07

This Plat is a new plat X ; an updated plat \_\_\_\_\_ ; or a final location plat \_\_\_\_\_ ;

+ Denotes the location of a well on United States topographic maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

Form DGO-GO-7  
Rev. 1-98

Douglas R. Light  
Licensed Professional Engineer or Licensed Land Surveyor



[illegible][illegible]

Map center: 37° 13' 22" N, 82° 10' 45" W

1400 ft.

